

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGRE-00 /020 W
-----060645Z 038828 /11

R 051320Z MAY 77
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 2601
INFO USDOC WASHDC
AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BONN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY SOFIA
AMEMBASSY VIENNA
AMEMBASSY WARSAW
USLO PEKING
AMCONSUL LENINGRAD

LIMITED OFFICIAL USE SECTION 1 OF 2 PRAGUE 1158

E.O. 11652: NA
TAGS: BEXP, EEWT, CZ
SUBJECT: EMBASSY FOLLOW-UP ON 1976 EASTERN EUROPE E/C OFFICER'S
CONFERENCE RECOMMENDATIONS

REFS A. PRAGUE 1118(NOTAL, B. PRAGUE 1073(NOTAL) C.
STATE 091419(NOTAL), D. PRAGUE 1017(NOTAL), E. PRAGUE 0944(NOTAL),
F. PRAGUE 0478(NOTAL), G. PRAGUE A-105(NOTAL), H. STATE 5885(NOTAL
)
I. PRAGUE A-101(NOTAL)

1. SUMMARY: EMBASSY SUBMITS REQUESTED STATUS REPORT ON COMPLIANCE
WITH 20 GARMISCH E/C CONFERENCE RECOMMENDATIONS.
END SUMMARY.

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2. AS REQUESTED REF C, EMBASSY HEREBY REPORTS ITS FOLLOW-UP
TO DATE ON TWENTY SPECIFIED RECOMMENDATIONS FROM GARMISCH
CONFERENCE LISTED IN REF H.

(2) NOT APPLICABLE TO PRAGUE.

(11) GOC ONLY RECENTLY (REF D) SEEMS TO HAVE ALTERED ITS EARLIER POLICY AND DECIDED TO BORROW SIGNIFICANTLY AND REGULARLY IN THE WEST. EMBASSY WILL CONTINUE TO WATCH THIS EVOLVING SITUATION CLOSELY AND EVALUATE SIGNIFICANCE OF CSSR'S CHANGING DEBT SITUATION FOR U.S.

(14) THE PROBLEM WITH CZECHOSLOVAKS (AS WITH DISGRUNTLED AMERICAN BUSINESSMEN) CONCERNING U.S. EXPORT CONTROL SYSTEM AND PROCEDURES IS NOT IGNORANCE BUT RESENTMENT, SINCE THEY ARE OPPOSED

TO U.S. EXPORT CONTROL IN PRINCIPLE AS WELL AS IN PRACTICE. EMBASSY IS EAGER TO "EXPLAIN" SYSTEM AND PROCEDURES WHENEVER SUCH IS APPROPRIATE. WE ALSO DO NOT HESITATE TO REMIND CZECHOSLOVAKS THAT USG HAS EVERY RIGHT AND RESPONSIBILITY TO CONTROL EXPORTS WHENEVER AND HOWEVER WE PERCEIVE THAT TO BE IN U.S. OVERALL INTERESTS.

(15) AS EVIDENCED REF B, EMBASSY CONTINUES TO MAKE INPUTS FOR INTERAGENCY CONSIDERATION OF EXPORT LICENSE APPLICATIONS WHENEVER WE DEEM THAT APPROPRIATE. HOWEVER, WE DO NOT EXPECT SUCH INPUTS TO BECOME FREQUENT SINCE WASHINGTON IS USUALLY BETTER INFORMED ON APPLICATIONS FOR EXPORT LICENSES THAN WE.

(16) EVEN THOUGH ITS EXPORTS (E.G. FOOTWEAR) COULD BE ADVERSELY AFFECTED, GOC HAS YET TO REGISTER CONCERN OR EVEN INTEREST TO EMBASSY ABOUT USG POLICIES ON MARKET DISRUPTION OR UNFAIR TRADE PRACTICES INVOLVING U.S. IMPORTS FROM COMMUNIST COUNTRIES. NEVERTHELESS, WE FOLLOW THIS SITUATION SINCE OUR BILATERAL RELATIONS COULD WELL BE AFFECTED IN FUTURE. EMBASSY WELCOMES LIMITED OFFICIAL USE

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INVITATION TO SUBMIT OUR IDEAS ON DEALING WITH THESE POTENTIALLY THORNY PROBLEMS. OUR SILENCE SO FAR IS DUE TO LACK OF SIGNIFICANT IDEAS ON OUR PART, NOT TO DIFFIDENCE.

(17) EMBASSY HAS SO INFORMED MINISTRY OF FOREIGN TRADE.

(19) AGRICULTURAL ATTACHE, RESIDENT IN VIENNA, HAS CONSISTENTLY COORDINATED HIS IN-COUNTRY TRAVEL WITH EMBASSY. AGATT AND E/C COUNSELOR ARE CURRENTLY PRESSING GOC TO APPROVE TWO JOINT FIELD TRIPS IN CZECH LANDS AND SLOVAKIA.

(20) EMBASSY AND AGATT HAVE LONG-STANDING PRACTICE TO KEEP ONE ANOTHER AND USDA INFORMED AS APPROPRIATE. EMBASSY HOPES THAT USDA WASHINGTON WILL BE MORE CAREFUL IN FUTURE ABOUT KEEPING AGATT AND PRAGUE INFORMED OF DEVELOPMENTS AFFECTING BOTH SINCE THERE WAS SOME CONFUSION AND WASTED EFFORT DUE TO INADEQUATE COMMUNICATIONS IN 1976.

(26) E/C SECTION AND PAO WORK CLOSELY TOGETHER ON COMMERCIAL

PROGRAM. ESTABLISHMENT OF NEW BUSINESS FACILITATION CENTER,
PUBLICITY FOR VISITING TECHNICAL SALES SEMINARS AND USG PARTICIPATION
IN SEPTEMBER BRNO ENGINEERING FAIR ARE GOOD BUT NOT UNIQUE
EXAMPLES OF THIS COOPERATION.

(27) E/C SECTION DOES RECEIVE OUTPUT OF USIA'S EXPORT PROMOTION
EDITOR, BUT WE HAVE NOT FOUND IT VERY RELEVANT TO SITUATION IN CSSR.

(29) IN SO FAR AS CZECHOSLOVAK CIRCUMSTANCES ALLOW, E/C
SECTION AND PAO DO SEEK TO DRAW ON USIA SUPPORT SERVICES IN
COMMERCIAL PROGRAM.

(32) E/C OFFICERS DISCUSSED AT LENGTH WITH JAMES MURRIN,
DIRECTOR OF COMMERCE'S OFFICE OF EAST-WEST TRADE DEVELOPMENT,
DURING HIS RECENT VISIT (REF E) WAYS OF IMPROVING POST MARKET
RESEARCH (MR). TWO POSSIBILITIES FOR STRENGTHENING MR WERE
DISCUSSED:
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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGRE-00 /020 W
-----060645Z 038937 /12

R 051320Z MAY 77
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 2602
INFO USDOC WASHDC
AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BONN
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
/AMEMBASSY SOFIA 1975
AMEMBASSY VIENNA
AMEMBASSY WARSAW
:USLO PEKING 042
AMCONSUL LENINGRAD

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(A) REVIVAL OF IDEA DISCUSSED AT GARMISCH AND, EVIDENTLY, EARLIER E/C OFFICERS CONFERENCES FOR MR SEMINAR TO BE HELD IN COMMUNIST COUNTRIES; AND (B) VISIT OF COMMERCE MR EXPERT TO INDIVIDUAL POSTS TO WORK DIRECTLY WITH E/C OFFICERS AND FSL EMPLOYEES TO IMPROVE LOCAL MR CAPABILITIES. MEANWHILE, EMBASSY CONTINUES TO EXAMINE PLETHORA OF INFORMATION PUBLISHED BY GOC AND TO REPORT WHATEVER MR ANALYSIS WE CAN (SEE REF G ON PLASTICS INDUSTRY, WHICH IS HIGHLY RELEVANT TO PLASTICS PRODUCTION TSS TO BE HELD IN BRATISLAVA ON MAY 12-13).

(33 AND 34) EMBASSY CONTINUES TO MONITOR BOTH HOST-COUNTRY AND COMPETITOR COUNTRY TRADE EXHIBITS AND PROMOTIONAL ACTIVITIES FOR INSIGHTS HELPFUL TO OUR OWN COMMERCIAL PROGRAM. AS EXAMPLES, E/C OFFICERS REGULARLY VISIT TRADE FAIRS (SALIMA, LIMITED OFFICIAL USE

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INTERKAMERA, SYMPOMECH) WHERE USG DOES NOT PARTICIPATE (REF F). WE ALSO RECENTLY REPORTED (REF A) ON TRADE PROMOTION ACTIVITIES OF OTHER CAPITALIST COUNTRIES AND PLAN TO MAKE SUCH REPORTS ABOUT TWICE YEARLY.

(35) U.S. FIRMS RARELY CONFIDE IN EMBASSY ON REASONS THEY FAILED TO GET A CONTRACT, AND LOCAL OFFICIALS ARE EVEN LESS CANDID. WE RECENTLY DID DEVOTE SOME EFFORT TO ASCERTAINING EXACT REASONS U.S. FIRM LOST OUT ON A LONG-STANDING BID BUT WERE UNSUCCESSFUL DUE TO SECRECY SURROUNDING LOCAL DECISION-MAKING. NEVERTHELESS, WE WILL PURSUE SUCH OPPORTUNITIES IN THE FUTURE.

(41) EMBASSY DOES NOT DISPATCH ITS FSL EMPLOYEES TO NEIGHBORING COUNTRIES TO PROMOTE TRADE EVENTS IN CZECHOSLOVAKIA, AND WE SUPPORT RECOMMENDATION THAT OTHER POSTS REFRAIN FROM DOING SO SINCE WE ARE WILLING TO ASSIST THEM FROM OUR OWN RESOURCES.

(44) WE REMAIN HIGHLY SKEPTICAL THAT CZECHOSLOVAKS EVER ATTEND USG TRADE PROMOTION EVENTS IN OTHER COMMUNIST COUNTRIES AS A RESULT OF OUR OR OTHER POSTS EFFORTS TO ENTICE THEM THERE. RECENT EVENTS IN USSR, POLAND AND BULGARIA HAVE REINFORCED THIS CONCLUSION. NEVERTHELESS, EMBASSY WILL CONTINUE TO PROMOTE LOCAL ATTENDANCE AT SUCH EVENTS WHEN REQUESTED.

(46) EMBASSY REGRETS THAT WE HAVE NOT UNCOVERED, SINCE GARMISCH CONFERENCE, ANY SUCCESS STORIES WHICH MIGHT OFFER INNOVATIVE AND EFFECTIVE EXPORT PROMOTION TECHNIQUES. ON A LESS DRAMATIC LEVEL, HOWEVER, WE DO REGULARLY GLEAN FROM OUR MANY CONTACTS WITH U.S. BUSINESSMEN AND LOCAL OFFICIALS USEFUL TIPS ON HOW TO REFINE OUR TECHNIQUES AND IMPROVE OUR OVERALL PROGRAM. WE REPORT THESE

FINDINGS REGULARLY.

(47) EMBASSY PRODUCED WHAT WAS EVIDENTLY THE FIRST COMMERCIAL ACTION PROGRAM DONE IN EASTERN EUROPE LAST FALL(REF I). MAJOR INPUTS WERE HOMEGROWN, ALTHOUGH VALUABLE SUGGESTIONS WERE DERIVED FROM DISCUSSIONS HELD AT GARMISCH CONFERENCE AND DURING EARLIER LIMITED OFFICIAL USE

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VISITS BY BEWT OFFICIALS.

(50) EXACT MEANING OF THIS RECOMMENDATION IS NOT CLEAR TO US. WE HAVE REPORTED MANY TIMES ON GOC INDUSTRIAL DEVELOPMENT AND R&D PLANS AND ARE DISTRIBUTING TO INTERESTED VISITING BUSINESSMEN AN UNCLASSIFIED INFORMATION GUIDE ON THE CURRENT FIVE-YEAR PLAN. HOWEVER, WE ARE NOT CERTAIN WHETHER THIS GUIDE HELPS CLOSE THE "GAP" ALLUDED TO IN RECOMMENDATION 50.

BYRNE

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Message Attributes

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